



**Department of Energy**  
Western Area Power Administration  
Desert Southwest Customer Service Region  
P.O. Box 6457  
Phoenix, AZ 85005-6457

**JAN 30 2007**

**Dear Prospective Offeror:**

**Formal Notice of Request for Proposal**

Western Area Power Administration (Western) is seeking letters of intent for supply of Energy Service Provider (ESP) services for the Naval and Marine Corps Facilities (Navy) located in the San Diego Gas & Electric, Southern California Edison, and Pacific Gas and Electric service territories in the state of California.

Letters of intent to submit proposals are required to be submitted by February 5, 2007, 10:00 AM MST, by e-mail, mail, or fax as specified in the Request For Proposal (RFP). A list of prospective suppliers will be generated from letters of intent. Western will provide suppliers with contract templates for ESP services on or around February 13, 2007. Western will begin contract negotiations, if necessary, with all listed suppliers immediately following delivery of contract templates.

Proposals must be submitted by March 6, 2007, 10:00 AM MST, by e-mail, mail, or fax as specified in the RFP. Western anticipates making an award no later than March 9, 2007.

If you have any questions regarding this RFP, please contact Roy Tinsley at (602) 605-2788 or Mike Simonton at (602) 605-2675.

Sincerely,

A handwritten signature in cursive script, reading "Penny D. Casey", is positioned above the printed name.

Penny D. Casey  
Energy Management and  
Marketing Office Manager

Attachments

# REQUEST FOR PROPOSAL ENERGY SERVICE PROVIDER SERVICES

January 30, 2007

## 1. Background

Western Area Power Administration - Desert Southwest Customer Service Region (Western) is soliciting proposals for Energy Service Provider (ESP) market services for the United States Navy and Marine Corps Facilities (Navy) located in the San Diego Gas & Electric, Southern California Edison, and Pacific Gas and Electric, service territories in the state of California. Facilities comprising the Navy load are listed in Attachment A. Western proposes a partnership with an existing California Public Utilities Commission (CPUC) recognized ESP; whereby Western would act as the Navy's Scheduling Coordinator (SC), and the ESP would perform any remaining ESP functions required by the CPUC. Western is currently discussing future contract options with the incumbent ESP/SC supplier, but simultaneously will be seeking letters and intent and possible bid proposals from other CPUC-recognized ESP's.

Western requests that each ESP provide a flat, monthly price for service requirements described in Section 3, for each of the terms listed in Section 6.

## 2. Western Provided Services

- 2.1 Western, as Scheduling Coordinator for the Navy, will provide the following services:
  - 2.1.1 Purchase of Power --- Western will purchase all power necessary to supply the load of Navy customers
  - 2.1.2 Resource Adequacy --- Western will purchase all resources necessary to meet all applicable CPUC and California Energy Commission (CEC) Resource Adequacy requirements
  - 2.1.3 Renewable Energy --- Western will purchase all resources necessary to meet all applicable CPUC and CEC Renewable Portfolio Standards requirements
  - 2.1.4 Scheduling of Load --- Western will prepare and submit schedules to the California Independent System Operator (CAISO) in support of the Navy load.
  - 2.1.5 Meter Aggregation --- Western will prepare and submit Settlement Quality Meter Data (SQMD) to the CAISO
  - 2.1.6 CAISO Settlement --- Western will settle charges and credits on behalf of the Navy with the CAISO.
  - 2.1.7 Billing --- Western will prepare and provide a bill for ESP/SC services to the Navy customers each month.
  - 2.1.8 Taxes --- Western will calculate and ensure all applicable taxes are passed on to the Navy customers in their monthly bills.



### **3. Energy Service Provider Requirements**

3.1. The Contractor will provide the Navy with ESP services in the CAISO markets, in partnership with Western and to the exclusion of the Western-provided Scheduling Coordination services listed above. The Contractor shall assume all of the responsibilities of an Energy Service Provider, as defined by the CPUC and CAISO, including all Load Serving Entity responsibilities that specifically come under such CPUC and CAISO defined responsibilities of Energy Service Providers. The Contractor must be registered by the CPUC as an ESP with legal authority to serve retail electric loads within the San Diego Gas and Electric (SDG&E), Southern California Edison (SCE), and Pacific Gas and Electric (PG&E) service territories.

3.2 The Contractor shall be responsible for the provision of ESP services, exclusive of the Western-provided services listed above, including, but not limited to, the following:

- 3.2.1 The Contractor shall be responsible for submitting and maintaining Direct Access Service Requests to the Utility Distribution Companies (UDC's) for Navy customers.
- 3.2.2 The Contractor shall be responsible for the submission of regulatory filings with the CPUC and CEC for Navy customers with respect to Resource Adequacy (RA) and Renewable Portfolio Standards (RPS).
- 3.2.3 The Contractor shall have a service agreement in place with each of the Utility Distribution Companies (UDC's) and be able to identify and resolve all anomalies related to meter data. Contractor shall also be responsible for the maintenance of meters.
- 3.2.4 The Contractor shall be responsible for the provision of Settlement Quality Meter Data (SQMD) for the Navy load to Western, in order for Western to submit SQMD to the CAISO for settlement purposes. The Navy's load will be scheduled on a single, separate SCID.
- 3.2.5 The Contractor shall be responsible for the periodic reading of the Navy's meters by a qualified Meter Data Management Agent (MDMA).
- 3.2.6 Western will be collecting real-time meter data from various meters for use in purchasing and scheduling load. In addition, Western will be utilizing monthly UDC meter data in their purchasing and scheduling analysis. Contractor shall provide the monthly UDC meter data requested by Western in a timely and complete manner, and further shall provide Western and the UDC's any support required, within their capacity as an ESP, to facilitate the transfer of real-time or monthly UDC meter data to Western in a timely and complete manner.

- 3.2.7 The Contractor shall ensure that applicable Distribution Load Factors and Load Profiles are applied to Navy meter data for CAISO settlement purposes.
- 3.2.8 The Contractor shall provide record keeping of hourly demand and consumption, for all interval metered accounts, in Excel format monthly.
- 3.2.9 The Contractor shall allow for Western to make necessary RA and RPS purchases on behalf of the Navy, and coordinate with Western on any RA/RPS-related data submission requirements. Western is responsible for the purchase of all RA and RPS required for Navy accounts subject to this agreement. Western will coordinate with RA and RPS suppliers to ensure the generator SC supply plans identify the ESP as the recipient of the RA and RPS for all CPUC and CEC filing purposes.
- 3.2.10 The Contractor shall agree to work with Western to facilitate any other ESP-related requirements not specified in this Request for Proposal.
- 3.2.11 The Contractor also agrees to coordinate with Western regarding any substantive changes on the part of the CAISO.
- 3.2.12 The Contractor agrees to bill and accept payment from Western on behalf of the Navy, for ESP services provided to the Navy.

**4. ESP Payment** – Fees assessed by the Contractor to Western on behalf of the Navy for ESP services should correlate to the above Contractor responsibilities. Any and all revenues or credits received by the ESP from the CAISO on behalf of the Navy shall result in a credit for the Navy on the bill to Western.

**5. Evaluation Criteria** – The following criteria will be used, as deemed appropriate by Western and the Navy, to evaluate the proposals that are received and to select acceptable Offerors:

5.1. Cost – The total flat, monthly cost of providing the services specified in Section 3.

5.2. CAISO Market Credibility – Offerors may be asked to provide contract documents, certification and registration satisfying the CAISO operated grid market credibility to provide services set forth in Section 3.

5.3. Risk and Provider Responsibility – The risk that the ESP will be unable to deliver the required services, or lacks the financial resources to be able to continue operating for the entire time period proposed, as determined by Western.

5.3.1 Offerors will be required to demonstrate both their financial stability and their operating capability. Offerors may be asked to provide information such as: annual reports, Securities and Exchange Commission 10-K and FERC Form 1 reports (where applicable), audited financial statements including income statements and



balance sheets, bond ratings, evidence of required licenses, FERC approval to sell power at market-based rates (where applicable), accreditations and certifications, and information on relevant regulatory oversight.

## **6. Contract Duration**

6.1. ESP Services – Price proposals for ESP services are being requested for the following terms:

6.1.1. Initial term – May 1, 2007 – May 1, 2008

6.1.2 Optional term – May 1, 2008 – May 1, 2009

6.1.3 Optional term – May 1, 2009 – May 1, 2010

6.1.4 Optional term – May 1, 2010 – May 1, 2011

6.1.5 Optional term – May 1, 2011 – May 1, 2012

## **7. Process and Timing**

7.1. Process – Western and the Navy request that interested parties submit a letter of intent to submit a proposal. Subsequent to receiving letters of intent, Western will supply offerors with contract templates for ESP services. After receiving contract templates, offerors will be expected to immediately begin contract negotiations with Western.

7.2. Timing and Submission of Offers – Letters of intent are due by February 5, 2007. Western will supply contract templates to qualified suppliers on or about February 13, 2007. Final proposals will be due by 10 a.m. Mountain Standard Time (MST) March 6, 2007. After offers are received, Western and Navy will evaluate which offer best suits the Navy. It is anticipated that all awards will be made no later than March 9, 2007. You may send your proposal by any means described below:

Reply to: Mr. Roy Tinsley, Public Utilities Specialist  
Western Area Power Administration

Mail: 615 South 43<sup>rd</sup> Avenue  
Phoenix, AZ 85009

Fax: (602) 605-2490

Email: [tinsley@wapa.gov](mailto:tinsley@wapa.gov)

7.2.1. Notification that Offer was Selected – Each offeror will be notified as to whether their offer has been selected.

7.2.2. Contracts Signed – Contracts for services should be completed and signed by all parties as appropriate.

7.2.3. Commence Delivery of Services – Deliveries of services will commence on: May 1, 2007, or other dates as negotiated.

7.2.4. Billing Practices – As specified in the signed contract.

7.3. Use of Information in Offers – Western will provide information to the Navy about the cost, terms, and conditions of the services offered so that they can decide whether or not to commit to a purchase.

7.4. Confidentiality – If offerors do not wish to have part or all of the information in their offer available to the public, offerors must mark the sensitive sections of the offer “Confidential.”

**8. Documentation submitted by Offeror** – Offers must include the name, address, and legal description of the entity submitting the proposal, and be signed by a company official with authority to make offers and legally bind the offeror. Offerors should provide information requested in Sections 3 and 5, in their proposals. Including extraneous information in offers that is not requested in the RFP is discouraged.

**9. Rejection or Selection of Proposals** – Western and the Navy reserve the right to reject any or all proposals or portions of proposals, or re-solicit for proposals, if desired, based solely on their judgment, where such action is deemed the most advantageous to the Navy.

9.1. Any proposal that is incomplete, conditional, confusing, obscure, or that contains irregularities of any kind, may be rejected. In the event that a contract agreement cannot be reached with the successful offeror, Western and the Navy reserve the right to accept the proposal of any other offeror or to seek additional proposals.

**10. Questions** - If you have any questions concerning this document, you may contact Roy Tinsley at (602) 605-2788 or Mike Simonton at (602) 605-2675. Thank you for your participation.

## **ATTACHMENT A**

### **SDG&E SERVICE TERRITORY**

NAVSEC SOUTHWEST DIVISION  
MARINE CORPS RECRUIT DEPOT  
CAMP PENDLETON  
NAVY REGION SOUTHWEST  
MCAGCC 29 PALMS  
NAVY EXCHANGE NAVAL STATION  
MCAS MIRAMAR EXCHANGE  
NAVAL STATION DECA COMMISSARY  
CAMP PENDLETON DECA  
POINT LOMA MEDICAL CLINIC  
NUWC DIVISION KEY PORT

### **SCE SERVICE TERRITORY**

MCLB BARSTOW  
NAVAL BASE VENTURA COUNTY  
NAVAL WEAPONS STATION SEAL BEACH  
NSWC PORT HUENEME  
MCMWTC BRIDGEPORT

### **PG&E SERVICE TERRITORY**

NAVAL POST GRADUATE SCHOOL MONTEREY